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STATE FOR S/GAC - PETER MAMACOS, KATIE CROWLEY
USAID FOR AFR/SA, GH/OHA, GH/HIDN
CDC FOR GAP

E.O. 12958: N/A

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SUBJECT: U.S. ASSISTANCE GETS MALAWI GLOBAL FUND PROGRAM BACK ON TRACK

¶1. Summary: Malawi is one of the largest recipients of assistance from the Global Fund, with over \$300 million in grants approved to date. Execution of the grants, however, has been beset by many problems, and less than a quarter of approved funds have been disbursed. In order to improve Malawi's Global Fund performance, the U.S. Mission HIV/AIDS Team, with assistance from OGAC, organized technical assistance and a visit of high-level Global Fund Managers to bring together all interested parties and confront the problems head-on. The recent visit produced a solid action plan that will help Malawi move decisively forward to improve its Global Fund grant performance. End summary.

Less Than Stellar Performance

¶2. Despite being one of the largest recipients of Global Fund grants (over \$300 million in four separate grants), Malawi has suffered a number of difficulties in execution, and to date only \$70 million has been disbursed. Global Fund grants for HIV, malaria, orphans and vulnerable children (OVCs) and health systems strengthening (HSS) have been underperforming for numerous reasons, including:

- Bottlenecks and obstacles in the disbursement process
- Lack of intensified implementation by the principal recipients, particularly in prevention of maternal to child transmission (PMTCT) and OVC
- Misalignment of Global Fund reporting requirements and local health pool funding mechanisms
- Lack of implementation of the health systems strengthening activities, which are key to the success of all public health initiatives in Malawi
- Overall lack of clarification of roles and responsibilities of partners supporting the implementation of HIV/AIDS interventions in Malawi

¶3. In spite of the difficulty with expending funds, Malawi has enjoyed particular success with its rapid scale-up of antiretroviral (ARV) treatment, funded principally by the Global Fund. But that success requires commitments for continued funding, not only for ARV drugs, but also the infrastructure that supports the effective delivery of the drugs. Up to now, the future of that funding has been uncertain.

¶4. Both PMI and PEPFAR leverage their funding against that of the Global Fund in Malawi, thus the performance of the grants are critical to U.S. interests here. The U.S. position is to encourage Malawi to seek Global Fund Round 7 continued funding for malaria as well as for HIV/AIDS prevention activities, the latter being a critical need that is currently poorly funded.

Addressing the Problem

¶ 15. Recognizing these problems, the U.S. Mission Lilongwe HIV/AIDS team, assisted by OGAC, organized technical assistance in the fall of 2006 to address bottlenecks in procurement, financial management and monitoring and evaluation. Following the first round of assistance, the principal recipients of the grants asked the U.S. Mission team to help convene a meeting in Malawi between senior management at the Global Fund and their Malawian counterparts and all interested parties. The main objective of the visit was to directly address issues of grant under-performance and the development of a plan of action to remedy the situation.

¶ 16. With the invaluable assistance of OGAC's Ambassador Jimmy Kolker and Peter Mamacos, we secured a visit from Operations Director Orobaton, Southern Africa cluster team leader Amal Medani, and Fund portfolio manager Tatjana Peterson, February 12 - 16, 2007.

Prior to the visit, the Mission team consulted with all local stakeholders and developed the visit program and meeting agendas, and invited participants. Four principal meetings took place: a technical meeting with the principal recipients and the Fund portfolio manager; a meeting of development partners and the Operations Director and cluster team leader; a meeting between the Global Fund delegation and heads of diplomatic missions and donor agencies in Malawi; and a meeting with the Global Fund Country Coordinating Mechanism (CCM).

Plan of Action

¶ 17. As a result of these highly productive meetings, Global Fund prepared an Aide Memoire that outlines the following points, on which all stakeholders agree:

- Malawi will apply for Global Fund Round 7 funding and simultaneously pursue the rolling continuation channel to extend the Round 1 HIV/AIDS grant. This will require achieving an "A" rating in three consecutive reporting cycles.
- Malawi will intensify implementation of all grants, particularly over the next six months, aiming with stakeholder support, to achieve an "A" rating to coincide with receipt of the Round 7 proposal.
- Evidence of HSS, PMTCT, OVC and impact mitigation scale up in activities must be documented and verified. This will involve the National Aids Commission (NAC), the Ministry of Health and the Ministry of Women and Childhood Development.
- Global Fund agrees to process extraordinary disbursements where performance allows and NAC will adequately complete reporting requirements for disbursements, to help speed up the disbursement process.
- Ministry of Health as Principal Recipient will submit all disbursement requests for malaria, and the submitted malaria monitoring and evaluation plan will be reviewed by the Global Fund.
- Ministry of Health in consultation with partners will finalize arrangements for funding the retained technical assistants in the Ministry and provide Global Fund with an organogram to meet the conditions precedent for the first disbursement of the HSS Round 5 grant.
- The Local Fund Agent (LFA) will assist the Ministry of Health to develop a work plan for the HSS grant, and prepare an action plan for dealing with the requirements of the conditions precedent for first disbursements from the HSS grant.
- The Global Fund agrees to new terms of reference for the LFA to act as a resource to the CCM, to work in conjunction with the pool donors and the principal recipients, and to assist in more effective communication with partners.
- The Global Fund also agrees to critically examine the conditions precedent upon receipt of Malawi's workplan.

- The CCM consents to receiving technical assistance from the Global Fund to help restructure and strengthen the CCM in its role as overseer of all Global Fund grants in Malawi, including its roles and responsibilities, equipping it with a secretariat funded by development partners, establishing technical committees, and resolving the potential conflict of interest wherein the secretariat and chair of the CCM are also the Principal Recipients of the grants.

Comment

¶8. U.S. Mission Lilongwe is very pleased with the results of this visit, which succeeded in bringing together the government of Malawi, development partners and the Global Fund to reaffirm a commitment to making Fund grants work productively in Malawi. In a message to U.S. Mission Team Coordinator Mamadi Yilla, Operations Director Orobation warmly praised the work of the Mission Team in facilitating the meetings and getting the issues onto the table for resolution.

¶9. Post thanks OGAC for all of its assistance in arranging the visits and providing funding, and we look forward to improved collaboration that will maximize the Global Fund's contribution to better health for all Malawians.

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